



General Assembly

February Session, 2012

Raised Bill No. 360

LCO No. 1675

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Referred to Committee on Banks

Introduced by:
(BA)

***AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY TASK FORCE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. Subsections (d) and (e) of section 8-265ee of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):
- 4 [(d) No person receiving financial relief under sections 8-265cc to 8-
5 265kk, inclusive, may file a defense, counterclaim or set-off to any
6 action for foreclosure of the mortgage for which such financial relief
7 was provided.]
- 8 [(e)] (d) Nothing in sections 8-265cc to 8-265kk, inclusive, shall
9 prevent a mortgagor from exercising rights that may exist under the
10 foreclosure mediation program and those rights may be exercised
11 concurrently with the rights afforded under sections 8-265cc to 8-
12 265kk, inclusive, provided the exercise of rights under the foreclosure
13 mediation program shall not cause a delay in the determination under
14 subsection (e) of section 8-265ff, as amended by this act. Nothing in
15 sections 8-265cc to 8-265kk, inclusive, shall prevent a mortgagor from

16 applying or reapplying and being considered for emergency mortgage
17 assistance if such mortgagor is referred to the emergency mortgage
18 assistance program by the foreclosure mediation program.

19 Sec. 2. Subsections (d) and (e) of section 8-265ff of the general
20 statutes are repealed and the following is substituted in lieu thereof
21 (*Effective from passage*):

22 (d) The mortgagor shall provide the authority with full disclosure of
23 all assets and liabilities, whether singly or jointly held, and all
24 household income regardless of source. For purposes of this
25 subsection, both of the following are included as assets:

26 (1) The sum of the household's savings and checking accounts,
27 market value of stocks, bonds and other securities, other capital
28 investments, [pensions and retirement funds,] personal property and
29 equity in real property including the subject mortgage property.
30 Income derived from family assets shall be considered as income.
31 Equity is the difference between the market value of the property and
32 the total outstanding principal of any loans secured by the property
33 and other liens.

34 (2) Lump-sum additions to family assets such as inheritances,
35 capital gains, insurance payments included under health, accident,
36 hazard or worker's compensation policies and settlements, verdicts or
37 awards for personal or property losses or transfer of assets without
38 consideration within one year of the time of application. Pending
39 claims for such items must be identified by the homeowner as
40 contingent assets.

41 (e) The authority shall make a determination of eligibility for
42 emergency mortgage assistance payments by the date thirty calendar
43 days after the date of receipt of the mortgagor's application. During
44 said thirty-day period no judgment of strict foreclosure or any
45 judgment ordering foreclosure by sale shall be entered in any action
46 for the foreclosure of any mortgage any mortgagee holds on the

47 mortgagor's real property. No emergency mortgage assistance
48 payments may be provided unless the authority finds that:

49 (1) The real property securing the mortgage is a one-to-four family
50 owner-occupied residence, including, but not limited to, a single
51 family unit in a common interest community, is the principal residence
52 of the mortgagor and is located in this state;

53 (2) Payments, including amounts [required to be paid into escrow or
54 impound accounts as reserves] for taxes and insurance payments,
55 including mortgage insurance, or for charges, assessments and fees
56 associated with a condominium or common interest community, as
57 such terms are defined in section 47-202, or any combination of such
58 payments, whether or not such payments are made into escrow or
59 impound accounts as reserves, owed by the mortgagor under any
60 mortgage on such real property have been [contractually] delinquent
61 and the mortgagee, taxing authority, or unit owners association has
62 indicated to the mortgagor its intention to foreclose;

63 [(3) The mortgage is not insured by the Federal Housing
64 Administration under Title II of the National Housing Act, 12 USC
65 Section 1707 et seq.;

66 [(4)] (3) The mortgagor is a resident of this state and is suffering
67 financial hardship which renders the mortgagor unable to correct the
68 delinquency or delinquencies within a reasonable time and make full
69 mortgage payments. For the purposes of subdivision [(8)] (7) of this
70 subsection, in order to determine whether the financial hardship is due
71 to circumstances beyond the mortgagor's control, the authority may
72 consider information regarding the mortgagor's employment, credit
73 history and current and past household income, assets, total debt
74 service, net worth, eligibility for other types of assistance and any
75 other criteria or related factors it deems necessary and relevant;

76 [(5)] (4) There is a reasonable prospect that the mortgagor will be
77 able to resume full mortgage payments on the original, modified or

78 refinanced mortgage within sixty months after the beginning of the
79 period in which emergency mortgage assistance payments are
80 provided in accordance with a written plan formulated or approved by
81 the authority and pay the mortgage in full in level monthly payments
82 of principal and interest, subject only to payment changes as provided
83 in the mortgage, by its maturity date;

84 [(6)] (5) The mortgagor has applied to the authority for emergency
85 mortgage assistance payments on an application form prescribed by
86 the authority which includes a financial statement disclosing all assets
87 and liabilities of the mortgagor, whether singly or jointly held, and all
88 household income regardless of source;

89 [(7)] (6) Based on the financial statement, the mortgagor has
90 insufficient household income or net worth to correct the delinquency
91 or delinquencies within a reasonable period of time and make full
92 mortgage payments;

93 [(8)] (7) There is a reasonable prospect that the mortgagor, as
94 determined by the authority, will be able to repay the emergency
95 mortgage assistance within a reasonable amount of time under the
96 terms of section 8-265hh, including through a refinancing of the
97 mortgage, and the authority finds that, except for the current
98 delinquency, the mortgagor has had a favorable residential mortgage
99 credit history for the previous two years or period of ownership,
100 whichever is less. For the purposes of this subdivision, if a mortgagor
101 has been more than thirty days in arrears four or more times on a
102 residential mortgage within the previous year, the mortgagor shall be
103 ineligible for emergency mortgage assistance payments unless the
104 mortgagor can demonstrate that the prior delinquency was the result
105 of financial hardship due to circumstances beyond the mortgagor's
106 control. In making a determination under this subsection, the authority
107 may consider information regarding the structure of the mortgage, its
108 repayment schedule, the length of time the mortgagor has lived in his
109 or her home, and any other relevant factors or criteria it deems

110 appropriate;

111 [(9)] (8) The mortgagee is not otherwise prevented by law from
112 foreclosing upon the mortgage;

113 [(10)] (9) The mortgagor has not mortgaged the real property for
114 commercial or business purposes;

115 [(11)] (10) The mortgagor has not previously received emergency
116 mortgage assistance payments from the authority, provided a
117 mortgagor who has previously received such payments shall be
118 eligible to reapply if the mortgagor has reinstated the mortgage and
119 the mortgagor shall not have been delinquent for at least six
120 consecutive months immediately following such reinstatement;

121 [(12)] (11) The mortgagor is not in default under the mortgage
122 except for the monetary delinquency referred to in subdivision (2) of
123 this subsection; and

124 [(13)] (12) The mortgagor meets such other procedural requirements
125 as the authority may establish.

126 Sec. 3. Subsection (a) of section 8-265gg of the general statutes is
127 repealed and the following is substituted in lieu thereof (*Effective from*
128 *passage*):

129 (a) If the authority approves a mortgagor for assistance under the
130 provisions of section 8-265ff, as amended by this act, the authority
131 shall make monthly emergency mortgage assistance payments directly
132 to each mortgagee secured by the mortgagor's real property for a
133 period not to exceed sixty months, either consecutively or
134 nonconsecutively, except no such payments shall be made after sixty
135 months have passed since the date of the initial payment. The total
136 monthly payment made by the authority, to or on behalf of a
137 mortgagor under subsection (c) of this section, shall be not more than
138 twenty-eight per cent of one hundred forty per cent of annual area
139 median income, as published by the United States Department of

140 Housing and Urban Development, divided by twelve. Upon receipt of
141 payment in full from a mortgagor of the monthly amount established
142 under subsection (b) of this section, the authority shall pay to each
143 mortgagee the full amount then due to the mortgagee pursuant to the
144 terms of the mortgage without regard to any acceleration under the
145 mortgage. Such payments shall include, but not be limited to,
146 principal, interest, taxes, assessments and insurance premiums. The
147 initial payment made by the authority to each mortgagee may be an
148 amount which pays all arrearages and pays reasonable costs and
149 reasonable attorney's fees incurred by the mortgagee in connection
150 with foreclosure of the mortgage.

151 Sec. 4. (*Effective July 1, 2012*) (a) For the purposes described in
152 subsection (b) of this section, the State Bond Commission shall have
153 the power, from time to time, to authorize the issuance of bonds of the
154 state in one or more series and in principal amounts not exceeding in
155 the aggregate sixty million dollars.

156 (b) The proceeds of the sale of said bonds, to the extent of the
157 amount stated in subsection (a) of this section, shall be used by the
158 Department of Economic and Community Development for the
159 purpose of a grant to the Connecticut Housing Finance Authority for
160 the purposes of sections 8-265cc to 8-265kk, inclusive, of the general
161 statutes.

162 (c) All provisions of section 3-20 of the general statutes, or the
163 exercise of any right or power granted thereby, which are not
164 inconsistent with the provisions of this section are hereby adopted and
165 shall apply to all bonds authorized by the State Bond Commission
166 pursuant to this section, and temporary notes in anticipation of the
167 money to be derived from the sale of any such bonds so authorized
168 may be issued in accordance with said section 3-20 and from time to
169 time renewed. Such bonds shall mature at such time or times not
170 exceeding twenty years from their respective dates as may be provided
171 in or pursuant to the resolution or resolutions of the State Bond

172 Commission authorizing such bonds. None of said bonds shall be
173 authorized except upon a finding by the State Bond Commission that
174 there has been filed with it a request for such authorization which is
175 signed by or on behalf of the Secretary of the Office of Policy and
176 Management and states such terms and conditions as said commission,
177 in its discretion, may require. Said bonds issued pursuant to this
178 section shall be general obligations of the state and the full faith and
179 credit of the state of Connecticut are pledged for the payment of the
180 principal of and interest on said bonds as the same become due, and
181 accordingly and as part of the contract of the state with the holders of
182 said bonds, appropriation of all amounts necessary for punctual
183 payment of such principal and interest is hereby made, and the State
184 Treasurer shall pay such principal and interest as the same become
185 due.

186 Sec. 5. (NEW) (*Effective October 1, 2012*) (a) A mortgagee, as defined
187 in section 49-8a of the general statutes, shall include the form
188 promulgated by the judicial branch, in accordance with subdivision (3)
189 of subsection (c) of section 49-311 of the general statutes, concerning
190 notice of community-based resources to parties involved in foreclosure
191 mediation with any notice to a mortgagor, as defined in said section
192 49-8a, of an intent to accelerate the mortgage loan.

193 (b) A municipality shall include such form with any statements sent
194 to a homeowner regarding an arrearage owed by the homeowner for
195 public sewer or water services or for property taxes.

196 (c) The judicial branch shall provide such form to parties involved
197 in foreclosure mediation to public libraries, religious organizations and
198 community-based programs throughout this state to ensure that such
199 form is readily available to mortgagors.

200 (d) Such form shall include the following:

201 (1) A reference to CHFA/HUD-Approved Housing Counselors in
202 lieu of a reference to CHFA-Approved Housing Counselors;

203 (2) A column in the approved housing counselor chart that includes
204 the counties in which each housing counselor serves; and

205 (3) A notification to mortgagors who are currently parties to a
206 foreclosure action that they should contact the Department of
207 Banking's foreclosure assistance hotline for assistance with time
208 sensitive foreclosure concerns.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	8-265ee(d) and (e)
Sec. 2	<i>from passage</i>	8-265ff(d) and (e)
Sec. 3	<i>from passage</i>	8-265gg(a)
Sec. 4	<i>July 1, 2012</i>	New section
Sec. 5	<i>October 1, 2012</i>	New section

Section 1	<i>from passage</i>	8-265ee(d) and (e)
Sec. 2	<i>from passage</i>	8-265ff(d) and (e)
Sec. 3	<i>from passage</i>	8-265gg(a)
Sec. 4	<i>July 1, 2012</i>	New section
Sec. 5	<i>October 1, 2012</i>	New section

Statement of Purpose:

To adopt the recommendations made by the task force established to evaluate loss mitigation programs administered by the Connecticut Housing Finance Authority.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]